

# Rail Enhancement Fund

## Application Procedures

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**Rail Enhancement Fund**  
**Application Procedures**

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## **Rail Enhancement Fund Program**

### **Program Overview**

Under §33.1-221.1:1.1 of the Code of Virginia (Appendix C), the General Assembly declared it to be in the public interest that railway preservation and the development of railway transportation facilities are important elements of a balanced transportation system in the Commonwealth. It further declares “it to be in the public interest that the retention, maintenance, improvement and development of the railways are essential to the Commonwealth’s continued economic growth, vitality, and competitiveness in national and world markets. There is hereby created in the state treasury a special non-reverting fund to be known as the Rail Enhancement Fund which shall be considered a special fund within the Transportation Trust Funds, hereafter referred to as ‘the Fund.’”

The Code states that the Director of the Department of Rail and Public Transportation (DRPT) “shall administer and expend or commit, subject to the approval of the Commonwealth Transportation Board, the Fund for acquiring, leasing, and/or improving railways or railroad equipment, rolling stock, rights-of-way or facilities, or assisting other appropriate entities to acquire, lease, or improve railways or railroad equipment, rolling stock, rights-of-way or facilities, for freight and/or passenger rail transportation purposes whenever the Board shall have determined that such acquisition, lease, and/or improvement is for the common good of a region of the Commonwealth or the Commonwealth as a whole.”

The Code further states that “Projects undertaken pursuant to this section shall be limited to those the Commonwealth Transportation Board shall have determined will result in public benefits to the Commonwealth or to a region of the Commonwealth that are equal to or greater than the investment of funds under this section. Such projects shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, or a local government source, or a combination of such sources.”

This document describes the policies and procedures applicable to the consideration of requests for expenditures from the Rail Enhancement Fund.

### **General**

1. A Rail Advisory Board (RAB) consisting of nine members, appointed by the Governor, has been established. The RAB, in consultation with the Director of DRPT, will develop recommendations to be presented to the Commonwealth Transportation Board (CTB) regarding allocations of funds from the Rail Enhancement Fund. The RAB will also advise the Director on other matters upon request.
2. The Director of DRPT administers and, subject to CTB approval, expends or commits funds from the Rail Enhancement Fund for the purpose of acquiring, leasing, and/or improving railways or railroad equipment, rolling stock, rights-of-way or facilities for freight and/or passenger rail transportation purposes. The Director of DRPT will

obtain the recommendation of the RAB before submitting a project involving utilization of Rail Enhancement Funds to the CTB.

3. Projects undertaken are limited to those determined by the CTB to result in public benefits to the Commonwealth or to a region of the Commonwealth equal to or greater than the public investment.
4. All projects receiving funds from the Rail Enhancement Fund must include a minimum of 30% cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, a local government source, or a combination of such sources.

### **Program Policy Goals**

The following Program Policy Goals were adopted by the Rail Advisory Board on [\(date here\)](#) and the Commonwealth Transportation Board on [\(date here\)](#). Goals [1](#), [2](#), [3](#) and [5](#) are minimum policy criteria for project consideration. Compliance with these minimum criteria must be demonstrated before further consideration will be given to funding a project.

- 1. Projects will provide an additional or accelerated investment in Virginia rail projects, which are determined to have a substantial public benefit equal to or greater than the public investment.**

The Rail Enhancement Fund provides new money for the development of rail infrastructure in Virginia. The Rail Enhancement Fund will be used to fund projects found to have a public benefit that is equal to or greater than the public investment, and which are not likely to be completed in a timely manner without use of Rail Enhancement Funds.

- 2. Projects will address the needs identified in the applicable state, regional and/or local plans, developed in consultation with public and private partners.**

Projects will address the needs identified in the applicable state, regional and/or local plans. Existing plans and initiatives include VTrans2025, The Virginia State Rail Plan and those goals adopted by Governor Warner's Commission on Rail Enhancement for the 21<sup>st</sup> Century. [In addition, DRPT is developing a Strategic Rail Investment Plan \(SRIP\) for rail initiatives in the Commonwealth, which will be referenced upon completion.](#)

- 3. Projects will encourage competition and economic development by promoting, or not precluding, access by more than one rail operator and whenever possible joint access by freight and passenger operators to optimize the Commonwealth's investment.**

Projects should maximize rail usage and promote competition whenever feasible. Projects in corridors that are utilized for both freight and passenger service must demonstrate that both types of service benefit from the improvement. Where feasible,

rail infrastructure-related projects should not be designed to preclude access by more than one operator.

- 4. The use of Rail Enhancement Funds will evolve from a focus on quick turn-around, high impact projects to a multi-year strategic program of projects that leads to an integrated six-year rail (passenger/freight) improvement program.**

The Director of DRPT, in consultation with and with the assistance of the Rail Advisory Board, will develop recommendations for a strategic program of projects that will be incorporated into a passenger and freight rail improvement program. In addition to considering applications, the Director of DRPT and the Rail Advisory Board may also recommend specific projects for consideration. Individual projects will be viewed in terms of how they benefit the overall rail network in Virginia.

- 5. The Program will limit long term Commonwealth funding liability through the development of achievable project schedules and budgets. Consideration will be given to funding major projects over a period of several years.**

Projects will limit the long term liability of the Rail Enhancement Fund. Well-defined project budgets and schedules will be developed prior to submission of applications and projects will be completed within a specified time frame. Applications for projects will include detailed cost, schedule and budget information. For construction projects, applications that include preliminary engineering completed to 30% will receive more positive weight and consideration during the review process. Some large projects will require funding over several years. DRPT will work with the Rail Advisory Board to identify those projects that, due to their size and complexity, require funding over an extended period. The CTB will give consideration to the duration of funding for multi-year projects. Project progress will be closely monitored to ensure that they continue to move toward completion on time and on budget.

- 6. Where feasible, projects will optimize public benefits by leveraging funds from sources other than the Rail Enhancement Fund.**

The law creating the Rail Enhancement Fund requires a minimum of a 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, a local government source, or a combination of such sources. Projects are likely to receive more favorable consideration if a higher match ratio is proposed. Projects that are part of a larger package of improvements funded from other sources are encouraged and are likely to receive more favorable consideration. Additional investments above the minimum match requirement broadens the sharing of the risk of the investment and improves the chance of success of the project.

- 7. Projects will protect the Commonwealth's public interest in private facilities.**

The Commonwealth will ensure that any improvements made with public funds remain available for the proposed public use for the useful life of the project. Contractual

agreements will be written to protect the Commonwealth's public interest in the private facilities and to require compensation for the residual value of the investment if the public use ceases within the period of useful life.

**8. Projects will contribute to the effectiveness of the entire transportation system.**

Projects will promote congestion relief, encourage economic development, enhance the competitiveness of Virginia ports, promote safety, health and environmental benefits, and improve mobility or any combination of these objectives.

**9. At least 90 percent of program funds will be spent on capital improvements.**

At least 90 percent of the Rail Enhancement Fund will be expended on acquiring, leasing, and/or improving railways or railroad equipment, signals and communication improvements, rolling stock, rights-of-way or facilities, including design and construction engineering. Up to 10 percent of the Fund may be spent on planning and environmental evaluation leading to capital project improvements.

**Program Implementation**

The Rail Enhancement Fund Program is administered by the Director of the Department of Rail and Public Transportation in accordance with decisions of the Commonwealth Transportation Board. [The Director of DRPT will consult with and obtain the advice and recommendations of the Rail Advisory Board in preparation of an annual program of projects for implementation.](#) Listed below are the program roles, selection process and execution requirements for the administration of the Rail Enhancement Fund Program.

**Program Roles**

**Role of the Commonwealth Transportation Board**

The Commonwealth Transportation Board (CTB) is the policy board for the Virginia Department of Rail and Public Transportation and the Department of Transportation. This role includes the formulation and adoption of program development guidelines, policies, procedures, and allocation of funds for programs of projects. In accordance with §33.1-221.1:1.1, the CTB must determine that projects undertaken pursuant to the Rail Enhancement Fund result in public benefits to the Commonwealth or to a region of the Commonwealth that are equal to or greater than the level of investment of Rail Enhancement funds.

**Role of the Rail Advisory Board**

As established in §33.1-391.3:1, the Rail Advisory Board (RAB) consists of nine members appointed by the Governor for terms of four years. One of the nine appointees is an at-large

member of the CTB. The role of the RAB is to develop recommendations, in consultation with the Director of DRPT, to be presented to the CTB regarding all proposed allocations of funds from the Rail Enhancement Fund, to work cooperatively with the Director of DRPT and with any affected railroad in identifying, developing, and advocating projects and policies to enhance the quality and utility to the public of rail transportation in the Commonwealth, and to advise DRPT on other matters at the request of the Director of DRPT.

### **Role of the Department of Rail and Public Transportation**

Through its Director, DRPT is responsible for the analysis of projects and proposals and development of information necessary to assess the proposals. [The agency is also responsible for developing the program of projects, implementing the program and providing periodic progress reports to the RAB and CTB.](#) The Director will consult with the RAB to obtain advice and recommendations. The agency is responsible for executing necessary agreements and ensuring program compliance for projects, [including compliance with applicable environmental review and public involvement requirements.](#)

### **Relationship to Transportation Plans**

Rail Enhancement Fund Program development includes the coordination of projects to address the needs identified in applicable statewide, regional and/or local transportation plans. Existing plans and initiatives include the VTrans 2025 Statewide Transportation Plan and its rail component, the Virginia State Rail Plan, as well as the Governor's Commission on Rail Enhancement for the 21<sup>st</sup> Century Report. [In addition, DRPT is developing its Strategic Rail Investment Plan \(SRIP\), and upon completion, the SRIP will help guide the selection of future projects.](#)

### **Eligible Recipients**

The following organizations are eligible to apply for Rail Enhancement funding:

1. Commuter and Intercity Passenger Rail Operators
  2. Freight Rail Operators
  3. Private Businesses or Industries that currently utilize rail or are planning to develop railway facilities in the future
  4. Regional Authorities
  5. Local Governments
  6. Non-profit Organizations
- (or any combination of the above)

### **Eligible Project Expenses**

Eligible expenses may include the following:

1. Preliminary service, engineering, or feasibility study
2. Final engineering
3. Acquisition, lease, or improvement of rights of way or facilities
4. Environmental mitigation directly related to the project

5. Site preparation including grading, drainage, and relocation of utilities
6. Acquisition, lease, or improvement of railways, including signal and communications equipment
7. Acquisition, lease, or improvement of railroad equipment
8. Acquisition, lease, or improvement of rolling stock
9. Public involvement expenses, as agreed

### **Project Selection Process**

The process of identifying projects to be funded will evolve over time. The Director of DRPT will develop and maintain DRPT's SRIP, in consultation with the Rail Advisory Board, to prioritize state rail needs in Virginia. Submitted proposals and candidate projects will be consistent with the priorities defined in the SRIP and other state transportation plans. All selected projects will be integrated into the Six-Year Improvement Program (SYIP) upon approval and allocation by the CTB.

1. Projects will be advanced for consideration following the procedures developed by DRPT, with concurrence from the RAB.
  - Applications will be accepted through an open solicitation process, and projects will be considered for funding on a case by case basis.
  - Upon completion, DRPT's SRIP will be considered as part of the evaluation process for candidate projects.
  - All rail projects will be fully integrated into the Six-Year Improvement Program upon approval and allocation by the CTB.
2. Applicants will be allowed an opportunity to respond to questions concerning their application submittals. DRPT will analyze applications and candidate projects, and the Director of DRPT will present recommendations to the RAB.
3. The RAB will work cooperatively with the Director of DRPT and with any affected railroad in identifying, developing, and advocating projects and policies to enhance the quality and utility to the public of rail transportation in the Commonwealth.
4. In consultation with, and with the assistance of the RAB, DRPT will develop recommendations within a Program of Projects to be presented to the CTB regarding all proposed allocations of funds from the Rail Enhancement Fund as part of the annual Six-Year Improvement Program process.
5. DRPT will also present specific projects to the RAB and the CTB for their consideration throughout the year. This presentation will include a determination that the projects are for the common good of a region of the Commonwealth or the Commonwealth as a whole and that the public benefits are equal to or greater than the investment of the Rail Enhancement funds.



6. The CTB will approve specific projects, allocate funds, and incorporate projects into the SYIP as part of the Program of Projects for the Rail Enhancement Fund.
7. The Director of DRPT will develop and negotiate an agreement with each applicant for each project approved by the CTB, [based on the standard agreement in Appendix C](#). The agreement will stipulate the time frame for implementation and completion of each project, [and each agreement will include appropriate environmental and public involvement requirements](#).
8. Periodic status reports will be provided to the CTB and RAB on all projects.

### **Project Execution Requirements**

In any year of the program, projects that are selected for funding will follow the procedures listed below to ensure compliance with program requirements:

#### **Administrative Process**

1. DRPT will undertake a review of applications and conduct a critical screening for compliance with the minimum policy criteria for project consideration. Those applications that pass will be subjected to a public benefit/cost analysis (see [Page 21](#)). The time frame for analysis will be determined by the Director (eg. 5 years, 10 years or 20 years). The applicant may suggest an appropriate time frame for the project they are submitting.
2. Following CTB approval of Rail Enhancement Fund allocations, the Director of DRPT will notify the successful applicants.
3. The Director of DRPT will develop and negotiate an agreement with each applicant for each project approved by the CTB, [based on the standard agreement in Appendix C](#). The agreement will stipulate the time frame for implementation and completion of each project. [Each agreement will include appropriate environmental and public involvement requirements](#).
4. [Projects involving work to be completed beyond the existing boundaries of railroad property may be required to comply and adhere to the DRPT review process as outlined below.](#)
5. Payments will be made on a reimbursement basis. Grantee will submit periodic invoices (generally monthly) for that portion of the work that has been completed. DRPT will review the project progress and approve invoice payments according to the agency's Grants Management procedures.
6. The grantee will maintain separate financial records for the project.
7. After the completion of work, all of the grantee's records on the project are subject to an audit. Records are to be retained for five years after completion of the project.

## **DRPT Review Process and Public Involvement Requirements**

**These requirements will apply to all REF projects to be developed and located outside existing railroad property.**

### **Solicitation Process:**

- DRPT will develop specific review criteria per project and notify the Grantee of criteria to be used for evaluation during the review process.
- DRPT will solicit project site proposals from the Grantee and localities within the geographic boundaries of the project area. The solicitation period will be held for two weeks from date of letter of notification.
- Upon receipt of proposals, DRPT will conduct a site evaluation process for all sites submitted based on the established review criteria including the participation, where necessary, of other state agencies.

### **Evaluation process:**

- DRPT will work collectively with applicable state agencies and the Grantee to evaluate submitted sites. This process will require a 45-day review period and include:
  - Initial site proposal review by DRPT for fatal flaws based on the criteria established by DRPT for Rail Enhancement Funding.
  - Site proposal review with respective agencies as determined by DRPT, in coordination with the Office of the Attorney General.
  - Site proposal reviews for practical application and interface as provided by the Grantee.

### **Public involvement:**

- Public comments on proposed sites will be received during the 45-day evaluation period. DRPT's public involvement for the site review process will follow existing state program requirements.
- Entities submitting site proposals should provide opportunities for public comment per their organizational requirements as they consider and recommend the site location.
- Responses to public comments will be issued upon completion of the review period. DRPT will consider public comments as part of the decision making process once the DRPT site evaluation process is completed.

### **Final Analysis and Announcement of a Site:**

- Upon satisfaction of the review process and in consideration of public comments, DRPT and the Grantee will seek to agree on the proposed site location.
- DRPT would then announce approval of the site location for the project and work with the Grantee on a notice to proceed to the final design and construction phase.
- If DRPT and the Grantee are unable to agree on a site location, Rail Enhancement funding will not be applied to the site by DRPT.

### **Monitoring and Evaluation**

1. Completed work will be subject to inspection by DRPT and the owning railroad. The contractor will be required to replace any work which does not meet applicable standards, criteria, or specifications.
2. DRPT will provide periodic status reports to the Rail Advisory Board and the Commonwealth Transportation Board.
3. A follow-up review will be conducted on all projects three years after their completion. This review will include a comparison of the public benefits of the project identified in the original application to the actual results demonstrated by the project. A periodic program review will be conducted to ensure that program goals are being met

## **APPENDIX A**

### **PROJECT APPLICATION**

Internal Use

DRPT Tracking #



## Rail Enhancement Fund Project Application Form

Date: \_\_\_\_\_

### A. Name of Applicant (Name and Address)

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#### Applicant type:

- ☐ Passenger Railroad  
☐ Freight Railroad  
☐ Locality  
☐ Business  
☐ Other \_\_\_\_\_

### B. Contact Information:

Responsible Person/Title: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Project Manager/Title: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

C. Project Title: \_\_\_\_\_

D. Project Location: (City/County, Rail line, Railroad Mile Post, attach map)

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E. Owner of Property/Right-of-Way/Facility/Personal Property: \_\_\_\_\_

F. Responsible Party for Continuous Maintenance of Project: \_\_\_\_\_

**G. Project Information:**

**1) Description of Project:**

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**2) Project Objective:**

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**3) Relationship to other projects under development by applicant or previously funded by this program:**

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**4) Describe the Public Benefit of Project: (Must be Expressed in Direct Output Number for Calculation of Public Benefit)**

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**5) Attachment A – Project Data Information Form – Must be completed by Applicant and submitted with this application.**

### H. Type of Project:

- 1)     \_\_\_ New Construction   \_\_\_ Rehabilitation   \_\_\_ Study
- 2)     \_\_\_ Rail Infrastructure   \_\_\_ Rail Facility/Station  
      \_\_\_ Equipment/Rolling Stock   \_\_\_ Signals/Communication Equipment
- 3)     Other \_\_\_\_\_

### **I. Application Scope of Work Covers:**

☐ Entire Project    ☐ A Phase of a multi-phase project    ☐ Completion Phase

## J. Project Budget Summary:

Total Project Budget for this Application

Preliminary Service, Engineering, or Feasibility Study	\$ _____
Environmental Evaluation	_____
Design Engineering	_____
Right of Way Acquisition	_____
Construction	_____
Construction Management	_____
Lease/Acquisition of Equipment	_____
Public Involvement	_____
Other _____	_____

Total Project Budget \$\_\_\_\_\_

Attach a detailed expanded by subcategory if applicable

**K. Attach detailed cost, budget and schedule information. Include preliminary engineering to 30% report (if applicable).**

**L. Rail Enhancement Funds Requested in this Application: \$ \_\_\_\_\_**  
**Maximum 70% of Project Cost. Do not include any previous allocations or future phases.**

**M. Local Match Required by Applicant: \$\_\_\_\_\_**  
**Minimum 30% Project Cost.**

**If overmatch, provide percentage** \_\_\_\_\_

**1) Match Breakdown by Source (include in-kind)**

a. Provider of Local Match \_\_\_\_\_

b. Status (confirmed/anticipated) \_\_\_\_\_

**2) Other Funding Sources Beyond Match Requirement**

a. Provider of Over Match \_\_\_\_\_

b. Status (confirmed/anticipated) \_\_\_\_\_

**N. Project implementation schedule (based in months). List major milestones of the project, including environmental review and public involvement points if applicable.**

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**O. Statement on how this Project promotes or does not preclude Dual/Multi-Access Use.**

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**P. List additional users of Rail line, facility, and/or equipment.**

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**Q. Identify any possible Environmental or other issues/concerns within the scope of this project.**

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**Required Attachments:**

*Application is not complete without items 1-5 completed by the Applicant and submitted with the Application.*

**1. Attachment A - Project Data Information Form (Provided)**

**2. Attachment B - Application Checklist (Provided)**

**3. Detailed cost, budget and schedule. Include preliminary engineering to 30% report, if applicable**

**4. Certification of Match/%of Match/Documentation of Source of Match Including Defining Match Source (To be provided by Applicant)**

**5. Certification of Additive Investment (To be provided by Applicant)**

**6. Statement from the owner of the facility that acknowledges the Commonwealth will have a Public Interest in Private Facilities impacted by this project (To be provided by Applicant/Owner)**

**Application and Attachment Certification**

To the best of my knowledge all information contained in this application and its attachments are true. The information provided to the Department of Rail and Public Transportation (DRPT) is subject to full disclosure except where protected by Virginia Code. Any additional documentation related to this application will be provided to DRPT upon request.



**Authorized Signature and title:**

\_\_\_\_\_ Date: \_\_\_\_\_



**Rail Enhancement Fund  
Project Application  
Completed Application Submission Information**

One signed original and twelve copies of the completed application and required documentation must be mailed under applicant cover to:

[Matthew O. Tucker](#)

Director

Department of Rail and Public Transportation

1313 East Main Street, Suite 300

P.O. Box 590

Richmond, VA 23218-0590



**FY2005-2006  
Rail Enhancement Fund  
Project Application  
Attachment A  
Project Data Information Form**

Internal Use
DRPT Tracking #

Date: \_\_\_\_\_

**1. Name of Applicant and Project**

\_\_\_\_\_

**2. Passenger Delivery (Number, Not Range, Per Year)**

\_\_\_\_\_

**3. Rail Carload Delivery (Number, Not Range, Per Year)**

\_\_\_\_\_

**4. Passenger Fares to be Charged (one way – adult)**

\_\_\_\_\_

**5. Employment Generated by this Project (Service/Operations)**

\_\_\_\_\_

**6. Employment Retained (Service/Operations)**

\_\_\_\_\_

**7. Average Travel Time Savings (Per Passenger trip)**

\_\_\_\_\_

**8. Added Capacity to Rail Corridor (Additional Railcars or Passengers)**

\_\_\_\_\_

**9. Increased Ridership Per year on other Systems**

\_\_\_\_\_

**10. Total Service Mileage and Service Mileage in Virginia**

\_\_\_\_\_

**11. Reduced Mileage of Existing Rail Service**

\_\_\_\_\_

Internal Use

DRPT Tracking #



**Rail Enhancement Fund  
Project Application Checklist  
Attachment B**

Date: \_\_\_\_\_

**Name of Applicant and Project:**

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**Checklist for Application**

1. Project is consistent with goals of applicable adopted state, regional and/or local plans.

\_\_\_ Yes                      \_\_\_ No

2. Project is an Additive Investment to Virginia.

\_\_\_ Yes                      \_\_\_ No

3. Project provides for, or does not preclude, shared or dual access opportunity.

\_\_\_ Yes                      \_\_\_ No

4. Applicant has provided documentation and certification of minimum 30% match.

\_\_\_ Yes                      \_\_\_ No

5. Applicant has provided an environmental review plan and/or public involvement plan and budget, if applicable.

\_\_\_ Yes                      \_\_\_ No

6. Application is complete, including signature and specified number of copies provided.

\_\_\_ Yes                      \_\_\_ No

**APPENDIX B**

**MEASURES FOR PUBLIC BENEFIT/COST ANALYSIS**

## Public Benefit/Cost Measures Methodology

### 1. Passenger Projects

### 2. Freight Projects

Measures	Measures
a. Reduction of Number of Cars on Highway	a. Reduction in Number of Trucks on Highway
i). Reduction in Public Improvements/Maintenance Costs/Congestion Relief	i) Reduction in Public Improvements/Maintenance Costs/Congestion Relief
ii) Environmental Improvements	ii) Environmental Improvements
iii) Fuel Savings	iii) Fuel Savings
b. Reduced Passenger Transportation Costs	b. Public User Benefits: Increased Choices/Competition
c. Reduced Transportation Costs – Elderly, Disabled	c. Increased Employment
d. Increased Employment	d. Retained Employment
e. Retained Employment	e. Reduced Crash and Accident Cost
f. Reduced Crash and Accident Cost	f. Promotes Economic Development/Business Preservation
g. Travel Time Savings	g. Service Distance Reduction Miles
h. Promotes Economic Development	h. Passenger Benefits as Determined Under #1
i. Increased Ridership on Other Systems	
j. Freight Benefits as Determined Under #2	

## **APPENDIX C**

### **RAIL ENHANCEMENT FUND CODE**

## **Rail Enhancement Fund Code**

### **§ 33.1-221.1:1.1. Rail Enhancement Fund.**

A. The General Assembly declares it to be in the public interest that railway preservation and development of railway transportation facilities are an important element of a balanced transportation system of the Commonwealth for freight and passengers and further declares it to be in the public interest that the retention, maintenance, improvement and development of the railways are essential to the Commonwealth's continued economic growth, vitality, and competitiveness in national and world markets, and there is hereby created in the state treasury a special nonreverting fund to be known as the Rail Enhancement Fund which shall be considered a special fund within the Transportation Trust Fund, hereafter referred to as "the Fund."

B. The Fund shall be established on the books of the Comptroller, and shall consist of dedications pursuant to § [58.1-2425](#) and such funds from other sources as may be set forth in the appropriation act and shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely as provided in this section. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Virginia Department of Rail and Public Transportation or the Director's designee.

C. The Director of the Department of Rail and Public Transportation shall administer and expend or commit, subject to the approval of the Commonwealth Transportation Board, the Fund for acquiring, leasing, and/or improving railways or railroad equipment, rolling stock, rights-of-way or facilities, or assisting other appropriate entities to acquire, lease, or improve railways or railroad equipment, rolling stock, rights-of-way or facilities, for freight and/or passenger rail transportation purposes whenever the Board shall have determined that such acquisition, lease, and/or improvement is for the common good of a region of the Commonwealth or the Commonwealth as a whole. Prior to recommending an allocation of the Fund to the Commonwealth Transportation Board, the Director of the Department of Rail and Public Transportation shall consult with and obtain the advice and recommendations of the Rail Advisory Board established pursuant to § [33.1-391.3:1](#).

D. Projects undertaken pursuant to this section shall be limited to those the Commonwealth Transportation Board shall have determined will result in public benefits to the Commonwealth or to a region of the Commonwealth that are equal to or greater than the investment of funds under this section. Such projects shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, or a local government source, or a combination of such sources.

(2004, c. 621; 2005, c. 323.)



**§ 58.1-2425. Disposition of revenues.**

A. All funds collected hereunder by the Commissioner shall be forthwith paid into the state treasury. Except as otherwise provided in this section, these funds shall constitute special funds within the Commonwealth Transportation Fund. Any balances remaining in these funds at the end of the year shall be available for use in subsequent years for the purposes set forth in this chapter, and any interest income on such funds shall accrue to these funds. The revenue so derived, after refunds have been deducted, is hereby allocated for the construction, reconstruction and maintenance of highways and the regulation of traffic thereon and for no other purpose. However, (i) all funds collected pursuant to the provisions of this chapter from manufactured homes, as defined in § [46.2-100](#), shall be distributed to the city, town, or county wherein such manufactured home is to be situated as a dwelling; (ii) all funds collected from the additional tax imposed by subdivision A 4 of § [58.1-2402](#) on the rental of daily rental vehicles shall be distributed quarterly to the city, town, or county wherein such vehicle was delivered to the rentee; (iii) effective January 1, 1987, an amount equivalent to the net additional revenues generated by enactments of the 1986 Special Session of the Virginia General Assembly which amended §§ [46.2-694](#), [46.2-697](#), [58.1-2401](#), [58.1-2402](#) and this section shall be distributed to and paid into the Transportation Trust Fund, a special fund within the Commonwealth Transportation Fund, and are hereby appropriated to the Commonwealth Transportation Board for transportation needs; (iv) except as otherwise provided in clause (iii) of this sentence, all moneys collected from the tax on the gross proceeds from the rental in Virginia of any motor vehicle pursuant to subdivision A 3 of § [58.1-2402](#) at the tax rate in effect on December 31, 1986, shall be paid by the Commissioner into the state treasury and shall be paid into the Rail Enhancement Fund established by § [33.1-221.1:1.1](#); and (v) all additional revenues resulting from the fee imposed under subdivision A 5 of § [58.1-2402](#) as enacted by the 2004 Session of the General Assembly shall be used to pay the debt service on the bonds issued by the Virginia Public Building Authority for the Statewide Agencies Radio System (STARS) for the Department of State Police pursuant to the authority granted by the 2004 Session of the General Assembly.

B. As provided in subsection A of § [58.1-638](#), of the funds becoming part of the Transportation Trust Fund pursuant to clause (iii) of subsection A of this section, an aggregate of 4.2 percent shall be set aside as the Commonwealth Port Fund; an aggregate of 2.4 percent shall be set aside as the Commonwealth Airport Fund; and an aggregate of 14.5 percent in fiscal year 1998-1999 and 14.7 percent in fiscal year 1999-2000 and thereafter shall be set aside as the Commonwealth Mass Transit Fund.

(Code 1950, § 58-685.23; 1966, c. 587; 1976, c. 567; 1981, c. 145; 1984, c. 675; 1986, Sp. Sess., c. 11; 1987, c. 696; 1991, c. 323; 1997, cc. 283, 423, 853; 1998, cc. 905, 907; 1999, c. 77; 2004, c. 522; 2005, c. 323.)

**§ 33.1-391.3:1. Rail Advisory Board.**

There is hereby established the Rail Advisory Board to consist of nine members appointed by the Governor for terms of four years. Vacancies shall be filled for the unexpired term in the same manner as the original appointment. One of such appointees shall be an at-large member of the Commonwealth Transportation Board. The members of the Board shall elect a Chairman. The Board may, by majority vote, choose one of its members to serve as vice-chairman. The Board shall, in consultation with the Director, develop recommendations to be presented to the Commonwealth Transportation Board regarding allocations of funds from the Rail Enhancement Fund. The Board shall also advise the Director and the Department on other matters at the request of the Director or the Department. The Board shall meet at the call of the Chairman. A majority of the members shall constitute a quorum for the conduct of all Board business.

The Board shall have the following responsibilities:

1. In consultation with, and with the assistance of the Director, the Board shall develop recommendations to be presented to the Commonwealth Transportation Board regarding all proposed allocations of funds from the Rail Enhancement Fund.
2. The Board shall work cooperatively with the Director of the Department of Rail and Public Transportation and with any affected railroad in identifying, developing, and advocating projects and policies to enhance the quality and utility to the public of rail transportation in the Commonwealth.
3. At the request of the Director, the Board shall consider and advise the Director and the Department on any other matter or matters pertaining to transportation in the Commonwealth.

Members of the Board shall receive no compensation, but shall be reimbursed their actual and necessary expenses incurred in connection with their official duties. Staff support for the Board shall be provided by the Department of Rail and Public Transportation.

(2005, c. 323.)